

**SUMMARY OF THE MEETING OF THE
ARIZONA STATE RETIREMENT SYSTEM
INVESTMENT COMMITTEE**

**HELD ON
Tuesday, July 5, 2005
4:00 p.m., MST**

The Investment Committee (IC) of the Arizona State Retirement System (ASRS) met at 3300 N. Central Avenue, 14th Floor Conference Room, Phoenix, Arizona 85012. Mr. Lawrence Trachtenberg, Chairperson of the IC, called the meeting to order at 4:06 p.m., MST.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Lawrence Trachtenberg, Chairperson (via Teleconference)
 Ms. Anne Mariucci (via Teleconference)
 Mr. Karl Polen (via Teleconference)
 Mr. Christopher Harris (via Teleconference)

A quorum was present for the purpose of conducting business.

2. Presentation, Discussion, and Appropriate Action Regarding the International Equity Asset Class Review (Part 2)

Mr. Gary R. Dokes, ASRS Chief Investment Officer addressed the Committee with regards to the recommendations of hiring new managers for the International Equity Asset Class. Mr. Dokes reviewed the actions the IC had taken in Part 1 of the discussion regarding the asset class at the meeting in April. He then reviewed the recommendations from the ASRS Investment Management Division (IMD) staff and the search committee.

Mr. Dan Kapanak, Senior Portfolio Manager, and Mr. Michael Viteri, Equity Portfolio Manager, presented an international equity asset class schematic showing the historical and current composition of managers/dollars, in addition to the proposed composition which included the new roster of managers, associated dollar allocation, and the reclassification of GTAA managers from passive to active.

The following modifications to targets and ranges were discussed:

- U.S. Equity Large Cap to 65% +/-10% from 75% +/-10%
- International Equity to 10% +/-5% from 30% +/- 20%
- U.S. Fixed Income to 75% +/-20% from 80% +/-20%.

There was also a brief discussion on the potential hiring of London-based New Star as a manager. However, the search committee wanted to monitor New Star for the remainder of 2005 before making a recommendation.

Mr. Viteri also gave a brief overview of each company and the strategy each company employs. Questions from the Trustees were then entertained by the ASRS staff and Sean Ealy, Consultant from R.V. Kuhns.

Motion: Ms. Anne Mariucci moved to recommend to the ASRS Board the hiring of the following international equity active managers, with the approximate funding:

- MFS - \$500 million (Large Cap)
- Hansberger Global Investors (HGI) - \$400 million (Large Cap)
- AXA Rosenberg - \$231 million (Small Cap)
- Dimensional Fund Advisors (DFA) - \$116 million (Small Cap)

and

Migrate assets from BGI EAFE Index fund (passive) to BGI ACWI Ex-US Alpha Tilts fund (enhanced passive)

and

Modify asset class passive targets and ranges as proposed by Staff.

Mr. Karl Polen seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstention and 0 absent, the motion was passed.

The meeting adjourned at 4:58 PM.

Respectfully submitted,

Zach Kucera, Secretary

Date

Gary Dokes, Chief Investment Officer Date